

FISCAL NOTE

HB 687 - SB 1516

March 2, 2007

SUMMARY OF BILL: Authorizes and empowers the State of Tennessee, acting by resolutions of its funding board, to issue and sell direct general obligation interest-bearing bonds in amounts not to exceed \$100 million; Requires that funds generated from bonds be allocated to the Tennessee Higher Education Commission (THEC) for the purpose of capital outlay and maintenance for institutions of higher learning; Authorizes the funding board to issue bonds in amounts not to exceed 2.5% of the amount specified above for funding discount and costs of issuance. Requires no bonds be issued until the General Assembly has appropriated sufficient funds to pay the first year's obligation of principal and interest and the Funding Board has determined that such funds are available.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$11,110,000 - 1st Year Debt Service

\$164,630,000 Over life of the bonds

\$101,000,000 Principal

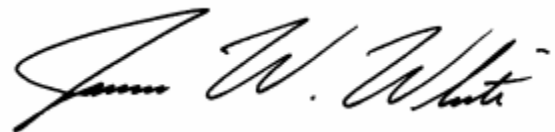
\$63,630,000 Interest

Assumptions:

- All projects authorized by this act shall be approved by the State Building Commission.
- Bonds may be designated as college savings bonds pursuant to the Baccalaureate Education Savings for Tennessee Act.
- Cost of issuance is estimated at 1% of face value.
- Principal (\$100.0 million) plus cost of issuance (\$1.0 million) is \$101,000,000.
- Bonds will be issued for a period of 20 years at an interest rate of 6% and 1/20th of the principal plus interest will be paid annually.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director